Financial News

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Cohen, Milstein, Hausfeld & Toll, P.L.L.C. Announces Class Action Lawsuit Against Optionable Inc.

Friday June 22, 3:57 pm ET

WASHINGTON--(BUSINESS WIRE)--The law firm of Cohen, Milstein, Hausfeld & Toll, P.L.L.C. announced today that it has filed a class action complaint in the United States District Court for the Southern District of New York on behalf of purchasers of Optionable Inc. shares ("Optionable") (OTC BB:OPBL.OB - News) during the period from September 27, 2005 to May 14, 2007, inclusive (the "Class Period").

Optionable provides natural gas and other energy derivatives trading and brokerage services to brokerage firms, financial institutions, energy traders, and hedge funds. The complaint alleges that throughout Optionable's history, the Company understated its dependence on BMO Financial Group ("BMO"), also known as Bank of Montreal. In its latest quarterly report, Optionable stated that BMO accounted for approximately 30% of its revenues during the three-month period ended March 31, 2007. BMO, however, actually accounted for approximately 60% of the Company's potential revenue. Moreover, the Company failed to tell investors that its business with BMO was tied intimately to David Lee ("Lee"), a natural gas trader at BMO. Unbeknownst to investors, Lee had a close personal relationship with executives at Optionable, including Defendant Kevin Cassidy, the company's Vice Chairman and CEO. According to reports, Lee's trading alone in the first quarter of 2007 amounted to $2.73 million, or 30% of Optionable's revenue.

On April 27, 2007, BMO issued a press release announcing that its mark-to-market commodity trading losses were estimated to be between $350 million and $450 million (pre-tax) in the second quarter of 2007, due in part to positions held by BMO in the energy market which were negatively impacted by changes in market conditions. Upon this news, shares of the Company's stock fell $1.45 per share, or almost 21%, to close at $5.56 per share after investors recognized that BMO accounted for 24% of the Company's revenues in 2006.

On May 8, 2007, BMO issued a statement announcing that it was suspending its business relationships with Optionable, as well as all derivatives trading through the Company, pending the results of an external review of its commodity trading losses. In response to this news, the price of Optionable stock declined precipitously, falling from $4.64 per share to $2.81 per share - a decline of approximately 40% - on heavy trading volume.

Shares of the Company's stock continued to decline as investors learned that: (i) NYMEX Holdings, Inc. ("NYMEX") had resigned its board representation of Optionable; (ii) Cassidy had resigned as Vice Chairman and CEO; and (iii) Cassidy served time in prison for a felony conviction on credit card fraud in 1997 and for income tax evasion in 1993.

Cohen, Milstein, Hausfeld & Toll, P.L.L.C. has significant experience in prosecuting investor class actions and actions involving securities fraud. The firm has offices in Washington, D.C., New York, Philadelphia, Chicago, and London, and is active in major litigation pending in federal and state courts throughout the nation.

The firm's reputation for excellence has repeatedly been recognized by courts which have appointed the firm to lead positions in complex multi-district or consolidated litigation. Cohen, Milstein, Hausfeld & Toll, P.L.L.C. has taken a lead role in numerous important cases on behalf of defrauded investors, and has been responsible for a number of outstanding recoveries which, in the aggregate, total in the billions of dollars.

If you have any questions about this notice or the action, or with regard to your rights, please contact the following:

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Source: Cohen, Milstein, Hausfeld & Toll, P.L.L.C.
